

Exhibit B

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	CASE NO. 09-37010 (SGJ)
	§	
ERICKSON RETIREMENT	§	CHAPTER 11
COMMUNITIES, LLC, <i>et al.</i>¹	§	Jointly Administered
	§	
Debtors.	§	

ORDER (I) APPROVING COMMITMENT FEE, BREAK-UP FEE, EXPENSE REIMBURSEMENT PAYMENTS TO PLAN SPONSOR AND SHOP PROVISIONS; (II) APPROVING BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS; (III) APPROVING PROCEDURES FOR THE CURE, ASSUMPTION AND ASSIGNMENT OF CONTRACTS; (IV) SCHEDULING HEARINGS TO CONSIDER (A) APPROVAL OF THE DISCLOSURE STATEMENT AND APPROVAL OF SOLICITATION PROCEDURES AND (B) CONFIRMATION OF PLAN OF REORGANIZATION; (V) ESTABLISHING DEADLINES TO OBJECT TO THE DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION; AND (VI) GRANTING RELATED RELIEF

Upon the Debtors' motion for an Order (I) Approving Commitment Fee, Break-Up Fee, Expense Reimbursement Payments To Plan Sponsor And Shop Provisions; (II) approving bidding procedures for the sale of substantially all of the Debtors' assets; (III) Approving Procedures For The Cure, Assumption And Assignment Of Contracts; (IV) Scheduling Hearings To Consider (A) Approval Of The Disclosure Statement And Approval Of Solicitation Procedures And (B) Confirmation Of Plan Of Reorganization; (V) Establishing Deadlines To Object To The Disclosure Statement And Plan Of Reorganization;; And (VI) Granting Related

¹ The Debtors in these Chapter 11 cases are Erickson Retirement Communities, LLC, Ashburn Campus, LLC, Columbus Campus, LP, Concord Campus GP, LLC, Concord Campus, LP, Dallas Campus GP, LLC, Dallas Campus, LP, Erickson Construction, LLC, Erickson Group, LLC, Houston Campus, LP, Kansas Campus, LLC, Littleton Campus, LLC, Novi Campus, LLC, Senior Campus Services, LLC, Warminster Campus GP, LLC, Warminster Campus, LP.

Relief, (the “Motion”),² dated October 22, 2009; and all as more fully set forth in the Motion; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409, and due and proper notice of the Motion having been provided to the necessary parties; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the record of the Hearing, and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Master Purchase and Sale Agreement is assumed and the Debtors are authorized to pay the Commitment Fee, Break-Up Fee and Expense Reimbursements as set forth in, and conditioned upon the terms of the Master Purchase and Sale Agreement, and that the Commitment Fee, Break-Up Fee and Expense Reimbursements shall be entitled to priority over any and all administrative expenses of the kind specified in sections 503(b) and 507(b) of title 11 of the United States Code (the “Bankruptcy Code”); and it is further

ORDERED that Redwood is authorized to exercise its remedies under the Master Purchase and Sale Agreement without further order from this Court; and it is further

² All capitalized terms used but not otherwise defined on this Order shall have the meanings ascribed to them in the Motion.

ORDERED that the Shop Provision is hereby approved; and it is further

ORDERED that the Debtors and Redwood, as plan sponsor, will file a plan of reorganization and disclosure statement within ten (10) days of entry of this Order.

ORDERED that the Debtors are authorized to solicit, initiate, encourage, facilitate or take any other action designed to facilitate any inquiries or proposals regarding any merger, share exchange, consolidation, sale of assets, assumption of liabilities, sale of shares of capital stock or similar transactions with third parties until the Bid Deadline; and it is further

ORDERED that the Bidding Procedures, attached hereto as Exhibit A, are hereby approved, are incorporated herein by reference, and shall govern all bids and bid proceedings relating to the Debtors' assets. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures; and it is further

ORDERED that the deadline for submitting a Qualified Bid shall be twenty (20) days after the filing of the plan and disclosure statement at 4:00 p.m. Central Time; and it is further

ORDERED that if the Seller receives only one Qualified Bid, it will not hold an Auction, and Redwood may be named the Successful Bidder; and it is further

ORDERED that if the Seller receives at least two Qualified Bids, the Seller shall conduct the Auction ten (10) days after the deadline for submitting a Qualified Bid at 10:00 a.m. Eastern Time at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020, or such other place and time as the Debtors shall notify Qualified Bidders; and it is further

ORDERED that the Assumption and Assignment Procedures are hereby approved; and it is further

ORDERED that a hearing to consider compliance with disclosure and solicitation requirements (the “Disclosure Statement Hearing”) is hereby scheduled to be held before this Court on _____ at __:__ .m. (Central Time) or as soon thereafter as counsel may be heard; and it is further

ORDERED that a hearing to consider confirmation of the Plan (the “Confirmation Hearing”) is hereby scheduled to be held before this Court on _____ at __:__ .m. (Central Time) or as soon thereafter as counsel may be heard; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, enforcement and/or interpretation of this Order; and it is further

ORDERED that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

###End of Order###

Exhibit A
Bid Procedure

BIDDING PROCEDURES

Set forth below are the bidding procedures (the “Bidding Procedures”) for the sale of substantially all of the assets (the “Assets”) of Erickson Retirement Communities, LLC, Ashburn Campus, LLC, Concord Campus GP, LLC, Concord Campus, LP, Dallas Campus GP, LLC, Dallas Campus, LP, Erickson Group, LLC, Houston Campus, LP, Kansas Campus, LLC, Littleton Campus, LLC, Novi Campus, LLC, Warminster Campus GP, LLC, Warminster Campus, LP. (the “Debtors”). The assets being acquired and the terms and conditions upon which the Debtors contemplate consummating a sale are further described in the form of the Master Purchase and Sale Agreement (the “Master Purchase and Sale Agreement”) with Redwood-ERC Senior Living Holdings, LLC, Redwood- ERC Management, LLC, Redwood-ERC Development, LLC, Redwood-ERC Properties, LLC and Redwood-ERC Kansas, LLC (“Redwood”) attached as Exhibit A to the Motion filed with the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”). The sale of the assets pursuant to the Master Purchase and Sale Agreement and Plan is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court pursuant to sections 363 and 365 of the Bankruptcy Code and rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure.

I. Plan Sponsorship

Within ten (10) days after entry of the Order approving the Bid Procedures, the Debtors and Redwood, as plan sponsor, will file a plan of reorganization (the “Redwood Plan”) and disclosure statement thereto (the “Disclosure Statement”).

II. Determination by the Debtor

The Debtor, in consultation with NSC, the NFPs, the prepetition corporate revolver lenders and the senior secured project lenders (the “Lenders”), and any statutory committees, shall (a) coordinate the efforts of Potential Bidders in conducting their respective due diligence, (b) evaluate bids from Potential Bidders, (c) negotiate any bid made to acquire the assets and (d) make such other determinations as are provided in these Bidding Procedures (collectively, the “Bidding Process”). Neither the Debtor nor its representatives shall be obligated to furnish any information of any kind whatsoever relating to the assets to any person who is not a Potential Bidder.

III. Bid Deadline

A Potential Bidder that desires to make a bid shall deliver copies of its bid by Certified Mail and email to (a) Erickson Retirement Communities, LLC, 701 Maiden Choice Lane, Baltimore, MD 21228 (Attn: Gerald Doherty); the Debtors’ attorneys, DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 (Attn: Thomas R. Califano) & DLA Piper LLP (US), 1717 Main Street, Suite 460, Dallas, Texas 75201 (Attn: Vincent P. Slusher); the Debtors’ financial advisor, Houlihan Lokey, 123 North Wacker Drive, 4th Floor, Chicago, IL 60606 (Attn: David Watson); and the Debtors’ restructuring advisor, Alvarez & Marsal Healthcare Industry, LLC, 600 Lexington Avenue, 6th Floor, New York, New York 100022 (Attn: Paul Rundell), by no later than twenty (20) days after the filing of the Redwood Plan and

Disclosure Statement at 4:00 p.m. Central Time (the “Bid Deadline”). The Debtors shall deliver to Redwood copies of all bids submitted to them for the purchase of any of the Assets, in each case substantially contemporaneously with the Debtors’ receipt thereof.

IV. Due Diligence

The Debtors may afford any potential bidder the opportunity to conduct a reasonable due diligence review in the manner determined by the Debtors in their discretion. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline. The Debtors either have provided or intend to use reasonable efforts to provide to all potential bidders, certain information in connection with the proposed sale, including, among other things, these proposed Bidding Procedures and the Master Purchase and Sale Agreement, but the failure to deliver any such information to any potential bidders shall not affect the validity, effectiveness or finality of the Auction or this sale process through a plan of reorganization. Should any potential bidder desire additional or further information, such potential bidder will be required to enter into a confidentiality agreement satisfactory to the Debtors in their business judgment. Upon execution of the confidentiality agreement, the potential bidder will be given access (through a virtual data room) to various financial data and other relevant and confidential information, subject to the Debtors right to exclude such access for competitive concerns

V. Bid Requirements

All bids must include: (a) an offer to acquire the assets in the form of the Master Purchase and Sale Agreement and Redwood Plan, marked to show any proposed changes, including all proposed schedules and exhibits thereto (the “Marked Agreements”); (b) an agreement that the potential bidder’s offer is binding and irrevocable and the potential bidder agrees to be a Next Best Bidder (as defined below) until closing of a purchase of Assets by the Successful Bidder, through a plan of reorganization, to another person or entity pursuant to the Bidding Procedures; (c) a higher and better offer that provides aggregate consideration that is \$4,000,000 (accounting for the \$3,000,000 Break-Up Fee, \$500,000 Expense Reimbursement and an overbid of \$500,000) greater than the Master Purchase and Sale Agreement, in the business judgment of the Debtors (the “Initial Bid Increment”); and (d) conditions that are not less favorable to the Debtors than those provided for in the Master Purchase and Sale Agreement.

Bids must be accompanied by (i) written evidence of available cash, a commitment for financing or ability to timely obtain a satisfactory commitment if selected as the Successful Bidder (provided, however, that the closing of the sale shall not be contingent in any way on the Successful Bidder’s financing) and such other evidence of ability to consummate the transaction as the Debtors may reasonably request, (ii) a representation that the potential bidder has the financial wherewithal to consummate the transactions contemplated in the Marked Agreements, and otherwise provide such other information that will allow the Debtors and their advisors to make reasonable determinations as to the proposed bidder’s ability to perform, including providing evidence of its ability to provide adequate assurance of future performance of all contracts to be assumed and assigned, (iii) a stipulation or evidence that submission of the bid, execution, delivery and closing on the Marked Agreements is duly authorized and the proposed

bidder has all requisite approvals from its board of directors or comparable governing body and (iv) a certified check in the amount of \$5,000,000 (the “Good Faith Deposit”). Bids may not seek any transaction or break-up fee, expense reimbursement or any similar type of payment.

The Good Faith Deposit shall be held by an escrow agent to be designated by the Debtors. Good Faith Deposits of all Qualified Bidders shall be held in a separate interest-bearing account for the Debtors' benefit until closing of a purchase of Assets by the Successful Bidder. If a Successful Bidder fails to consummate an approved sale of the Assets because of a breach or failure to perform on the part of such Successful Bidder, such Successful Bidder's Good Faith Deposit will be held by the Debtors subject to a ruling by the Bankruptcy Court that the Debtors should be permitted to retain such Good Faith Deposit on account of any damages caused by such Successful Bidder's breach. All other deposits will be returned promptly after the closing of the sale of the Assets to the Successful Bidder (or, in the case of Redwood, in accordance with the terms of the Master Purchase and Sale Agreement). Notwithstanding anything in the Bidding Procedures to the contrary, the terms under which Redwood provided a Good Faith Deposit and the terms of its use, release and return to the Redwood shall be governed by the Master Purchase and Sale Agreement.

Each potential bidder must obtain consents from NSC and the prepetition corporate revolver lenders and the senior secured project lenders (the “Lenders”) to enter into a sale of the Assets by two (2) days prior to the Auction in order to be a Qualified Bidder.

Each potential bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making any such bids; that it has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the assets in making its bid; and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder, the purchase agreement with such Successful bidder.

The Debtors and their professionals, in consultation with NSC, the not for profit community operators (the “NFPs”), the Lenders, and any statutory committees, will review each bid received from a potential bidder to ensure that it meets the requirements set forth above. A bid received from a potential bidder that meets the above requirements and subject to the business judgment of the Debtors will be considered a “Qualified Bid” and each potential bidder that submits a Qualified Bid will be considered a “Qualified Bidder.” The Master Purchase and Sale Agreement is a Qualified Bid and Redwood is a Qualified Bidder for all purposes and requirements pursuant to the Bidding Procedures. The Debtors may value a Qualified Bid based upon any and all factors that the Debtors deem pertinent, including, among others: (a) the amount of the Qualified Bid; (b) the risks and timing associated with consummating a transaction with the potential bidder; (c) the risks associated with any non-cash consideration in any Qualified Bid; (d) any excluded assets or executory contracts and leases; and (e) any other factors that the Debtors, in consultation with NSC, the NFPs, the Lenders, and any statutory committees, may deem relevant to the sale. The Debtors, in their business judgment, and in

consultation with NSC, the NFPs, the Lenders, and any statutory committees, reserve the right to reject any bid, without limitation.

Unless otherwise ordered by the Court for cause shown, only Redwood and each potential bidder that has submitted a Qualified Bid will be eligible to participate at the Auction described below. At least one business day prior to the Auction, each potential bidder that has submitted a Qualified Bid must inform the Debtors whether it intends to participate in the Auction. The Debtors will promptly thereafter inform in writing each potential bidder that has expressed its intent to participate in the Auction of the identity of all other potential bidders that may participate in the Auction. If the Seller does not receive any Qualified Bids other than from Redwood, it will not hold an Auction and Redwood will be named the Successful Bidder.

VI. Auction.

If more than one Qualified Bid has been received, the Debtors will conduct the Auction for the sale of the Assets and plan sponsorship. The Debtors propose that the Auction take place at 10:00 a.m. (EST) ten (10) days after the Bid Deadline at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020, or such later time or such other place as the Debtors shall designate in a subsequent notice to all Qualified Bidders. The bidding shall start at the amount offered in the highest Qualified Bid, plus \$500,000 and will continue in increments of at least \$500,000 in cash until the bidding ceases. Redwood has the right to credit bid \$3,500,000, which equals the sum of the Break-Up Fee and the maximum Expense Reimbursement. The Debtors may alter the Bidding Procedures at the Auction if, in its reasonable judgment, in consultation with NSC, the NFPs, the Lenders, and any statutory committees, such alteration will better promote the goals of the Auction. Immediately prior to the conclusion of the Auction, the Debtors, in consultation with NSC, the NFPs, the Lenders, and any statutory committees, will: (a) review each bid made at the Auction on the basis of financial and contractual terms and such factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale; (b) determine the highest or best bid for the Debtors' Assets at the Auction (the "Successful Bid"); and (c) notify all potential bidders at the Auction, prior to its conclusion, of the name of the Successful Bidder.

After determining the Successful Bid, the Debtors may determine, in their reasonable business judgment, in consultation with NSC, the NFPs, the Lenders, and any statutory committees, which Qualified Bid is the next best bid (the "Next Best Bid"). If the Successful Bidder does not close the sale by the date agreed to by the Debtors and the Successful Bidder, then the Debtors shall be authorized, but not required, to close with the party that submitted the Next Best Bid (the "Next Best Bidder"), without a further court order. The Seller acknowledges that (a) with respect to Redwood, unless the Master Purchase and Sale Agreement is modified as a result of actions taken by Redwood at the Auction, Redwood has no obligation to serve as the Next Best Bidder but (b) with respect to any Qualified Bidder other than Redwood, such Qualified Bidder shall be required to serve as the Next Best Bidder. The Debtors may consider a Qualified Bidder's willingness to serve as the Next Best Bidder in determining the highest or best bid for the assets at the Auction.

Each Qualified Bidder shall be required to confirm that it has not engaged in any collusive behavior with respect to the bidding or the Auction.

All bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Court and waived any right to jury trial in connection with any disputes relating to the Auction, any plan of reorganization and the construction and enforcement of the Master Purchase and Sale Agreement.

VII. Amendment of Plan and Disclosure Statement.

Within five (5) days after the Auction the Debtors will announce the Successful Bidder and the Debtors and the Successful Bidder will file an amended Plan and Disclosure Statement. If Redwood is the Successful Bidder and no material changes have been made to the Plan and Disclosure Statement, no amendment will be filed. As discussed below, the Debtors will request that hearings to (i) approve any disclosure statement (the “Disclosure Statement Hearing”) be scheduled for a date to be determined by the Court and (ii) confirm any plan of reorganization (the “Confirmation Hearing”) be scheduled for a date to be determined by the Court.

VIII. Break-Up Fee and Expense Reimbursement

In the event that the Master Purchase and Sale Agreement is terminated under the circumstances described in the Master Purchase and Sale Agreement to the extent approved in the Bidding Procedures Order, the Debtors shall promptly, and in any event within one (1) Business Day, pay Redwood the Break-Up Fee and the Expense Reimbursement as, when and to the extent provided in the Master Purchase and Sale Agreement.

The Debtors' obligation to pay the Break-Up Fee and the Expense Reimbursement shall be the joint and several obligation of the Debtors, shall survive termination of the Master Purchase and Sale Agreement, dismissal or conversion of any of the Bankruptcy Cases, and confirmation of any plan of reorganization or liquidation, and shall constitute an administrative expense of the Debtors under Sections 503(b) and 507(a) of the Bankruptcy Code.

IX. No Fees for Potential Bidders or Qualified Bidders.

Except for Redwood, potential bidders or Qualified Bidders shall not be allowed any breakup, termination or similar fee. Moreover, neither the tendering of a bid nor the determination that a bid is a Qualified Bid shall entitle a potential bidder or Qualified Bidder to any breakup, termination or similar fee and all potential bidders and Qualified Bidders waive any right to seek a claim for substantial contribution.

X. Return of the Good Faith Deposit.

The Good Faith Deposits of all potential bidders shall be held in escrow by the Debtors, but shall not become property of the Debtors' estates. The Good Faith Deposit of each potential bidder shall be returned to such potential bidder within 48 hours after the selection of the Successful Bidder.